Corporate Credit Rating

☒New ☐Update

Sector: Paper and Forest Products

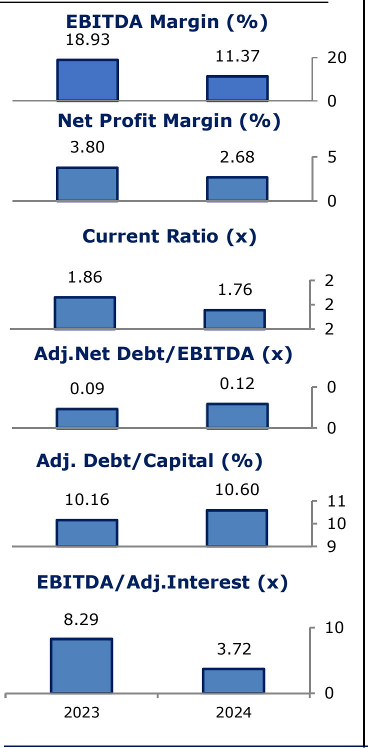
Publishing Date: Apr 18, 2025

Team Leader
Muhammet Başar
+90 212 352 56 73
muhammet.basar@jcrer.com.tr

Senior Analyst
Gülşah Bilgin
+90 212 352 56 73
gulsah.bilgin@jcrer.com.tr

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	**A+ (tr)**	**J1 (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

** Assigned by JCR on May 10, 2024*



GENTAŞ DEKORATİF YÜZEYLER SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of **"Gentaş Dekoratif Yüzeyler Sanayi ve Ticaret Anonim Şirketi"** in the investment grade category with high credit quality and assigned the Long-Term National Issuer Credit Rating as **'A+ (tr)'** and the Short-Term National Issuer Credit Rating as **'J1 (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been determined as **'BB/Stable'** as parallel to sovereign ratings and outlooks of Republic of Türkiye.

Gentaş Dekoratif Yüzeyler Sanayi ve Ticaret Anonim Şirketi (hereinafter referred to as **"Gentaş"** or **"the Group"**) was established in 1972 in the Mengen district of Bolu province. Gentaş's main activity is to produce laminate that used in production of school desks, table tops, kitchen countertops, doors and exterior products. Gentaş, whose headquarters is located in Ankara, carries out production in two different locations in Bolu and Mengen. Resin and kraft paper are used as the main raw materials. Sales in Türkiye are made through dealers and the Group has nearly 30 dealers. The Group exports to 65 countries all around the world.

As of FYE2024, the staff force of the Group was 830 (FYE2023: 799). The Group's shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol **"GENTS"** since 1990.

Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Solid financial standing with low level of financial leverage indicators over the analyzed years,
- Increase in net working capital level as of FYE2024 and operating with satisfactory liquidity ratios,
- Positive cash flow figures in both FY2023 and FY2024,
- High level of equity to total assets ratio over the analyzed years,
- Prudent collection policy supporting the asset quality through collateralized and insured receivables,
- Reasonable share of export sales in total sales and FX linked domestic sales provide natural hedging opportunity for the Group to some extent,
- Providing diversified product portfolio and long-lasting presence in the sector,
- Compliance with corporate governance principles as a company listed in BIST.

Constraints

- Decline in sales revenue in FY2024 mainly due to the TAS29 effects coupled with increase in the share of low-priced products in sales despite the increase in sales volume,
- Contraction in EBITDA generation capacity and profitability margins in FY2024 owing to increase in production costs,
- Competitive market conditions effecting the profitability indicators in line with industry,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engender considerable uncertainty.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been assigned as **'A+ (tr)'**. Taking into account, the Group's low level of financial leverage indicators, satisfactory liquidity ratios, positive cash flow figures, high equity level, long-lasting presence in the sector, as well as decline in sales revenue in FY2024 and contraction in profitability margins in FY2024 have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as **'Stable'**. The Group's profitability metrics, sales growth, liquidity position, debt structure and asset quality will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will also be monitored.